

Message Text

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FM AMEMBASSY BELGRADE

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AMEMBASSY DAMASCUS

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AMCONSUL ZAGREB

VIRGINIA YORIO FOR J.S. WALKER, USYEC

GENERAL ELECTRIC COMPANY

570 LEXINGTON AVE

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TELEX RCA 234 698

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RECOMMEND PUBLICATION IN FMS

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TAGS: BAGB BTIO YO IZ US

SUBJ: MAJOR PRODUCT OPPORTUNITY-DUJAILA AGRINDUSTRIAL COMPLEX
IN IRAQ

1. SUMMARY: APR 16, 1976 IRAQI GOVT SIGNED \$340
MILLION CONTRACT WITH YUGOSLAV PRIME CONTRACTOR "PKB BEOGRAD"
FOR FIRST PHASE OF 20,000 HECTARES VERTICALLY INTEGRATED,
CAPITAL INTENSIVE AGRINDUSTRIAL COMPLEX AT DUJAILA,
150 KILOMETERS SOUTH OF BAGHDAD. IF FULLY IMPLEMENTED
(10-15 YEARS AND THREE MORE PHASES HENCE), DUJAILA COMPLEX
WILL COVER 85,000 HECTARES AND WILL COST ESTIMATED
\$3.2 BILLION. U.S. COMPANY PARTICIPATION AS CONSULTANTS,
SUPPLIERS OF MACHINERY, LIVESTOCK AND TECHNOLOGY WOULD
BE WELCOME. ACTION SUROESTED: INTERESTDA U.YNM FIRMS
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SHOULD IDENTIFQ SELVES AT ONCE TO YUGOSLAV PRIME

CONTRACTOR "PKB". END SUMMARY.

2. YUGOSLAV PRIME CONTRACTOR "PKB BELGRAD" WOULD WELCOME U.S. PARTICIPATION IN VERTICALLY INTEGRATED, TURNKEY AGRIBUSINESS PROJECT FOR GOVT OF IRAQ AT DUJAILA IN IRAQ. PHASE ONE (\$340 MILLION IN VALUE; FIVE YEARS TO EXECUTE) CONSISTS OF LAND PREPARATION, WATER MANAGEMENT, TURN-KEY DESIGN, PROCUREMENT AND INITIAL MANAGEMENT OF TWO CATTLE FARMS (DAIRY, BEEF), TWO SHEEP FARMS AND GROWING OF ANIMAL NUTRIENTS ON 20,000 HECTARE SITE. TO IMPLEMENT CONTRACT SIGNED MAR 18, 1976 PRIME CONTRACTOR HAS IMMEDIATE NEED FOR ROUGHLY \$120 MILLION EQUIPMENT ON WORLDWIDE PROCUREMENT BASES. IF PHASE ONE IS COMPLETED TO IRAQI GOVT SATISFACTION, PROJECT IS EXPECTED TO DEVELOP T YOUGH THREE MORE PHASES OVER ADDITIONAL FIVE TO TEN YEARS TO RESULT IN 85,000 HECTARE, VERTICALLY INTEGRATED FOOD PRODUCING, PROCESSING AND RETAILING OPERATION. FOODS INVOLVED WOULD INCLUDE MEATS*6 097)546, EGGS, FRUITS AND VEGETABLES. PRELIMINARY YUGOSLAV ESTIMATE OF FINAL COST OF PROJECT IS \$3.2 BILLION.

3. VALUE OF IMPORTED EQUIPMENT NEEDED FOR PHASE ONE IS ESTIMATED AT \$120 MILLION AND ONE MEMBER OF YUGOSLAV CONTRACTING GROUP HAS ALREADY ISSUED INITIAL CALL FOR LENGTHY LIST OF DREDGES, BULLDOZERS AND OTHER EARTH MOVING EQUIPMENT FOR DELIVERY IN IRAQ IN LATE 1976 AND EARLY 1977. BID DEADLINE WAS JUL 15. SELECTED U.S. FIRMS HAVE BEEN NOTIFIED DIRECTLY.

4. AMEMBASSY BELGRADE AND U.S. INTERESTS SECTION (USINT) BAGHDAD ARE WORKING TOGETHER TO ENHANCE PROSPECTS FOR SUCCESSFUL PARTICIPATION BY INTERESTED U.S. FIRMS IN DUJAILA COMPLEX AND OTHER MAJOR PROJECTS IN IRAQ WHICH HAVE RECENTLY BEEN AWARDED TO YUGOSLAV PRIME CONTRACTORS. THUS AMEMBASSY BELGRADE AND VISITING USINT BAGHDAD COMMERCIAL ATTACHE HELD SERIES OF MEETINGS JUL 12-15 WITH YUGOSLAV COMPANIES INVOLVED IN DUJAILA COMPLEX AND OTHER MAJOR PROJECTS IN IRAQ (SEPTELS WILL FOLLOW FROM USINT BAGHDAD).

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5. ON BASIS OF LENGTHY DISCUSSION WE HELD JUL 13, WITH SENIOR YUGOSLAV OFFICERS OF YUGOSLAV CONTRACTING FIRM "PKB", WE URGE U.S. FIRMS INTERESTED IN BOTH IMMEDIATE AND LONG-TERM PHASES OF DUJAILA IDENTIFY SELVES IMMEDIATELY TO ENGINEER VLADETA CIRIC DEPUTY DIRECTOR

AGRICULTURAL COMBINE BEOGRAD "PKB"
11213 PAD. SKELA, BELGRADE, YUGOSLAVIA
TELEX: 11457 YU PKB TEL: 769-168

6. MR CIRIC, WHO IS SENIOR PKB OFFICER RESPONSIBLE FOR DUJAILA PROJECT, SAID JULY 13 THAT VIRTUALLY NO U.S. FIRMS HAVE SO FAR SHOWN INTEREST IN WORKING WITH OR SELLING TO PKB IN REGARD TO DUJAILA PROJECT ALTHOUGH CONSIDERABLE ATTENTION HAS BEEN PAID BY BRITISH, WEST GERMAN AND OTHER EUROPEAN FIRMS.

7. PKB'S IMMEDIATE NEEDS ARE FOR EQUIPMENT AND TECHNOLOGY FOR EARTH LEVELING, IRRIGATION AND DRAINAGE OF BADLY SALTED SITE AT DUJAILA. THIS INCLUDES A SMALL, ON-SITE PLASTIC PIPE PRODUCTION FACTORY. NEXT PRIORITY IS EQUIPMENT FOR CATTLE FARMS (BEEF AND DAIRY) REPRESENTING MOST UP-TO-DATE MILKING ANIMAL MILK PROCESSING TECHNOLOGY. SEVERAL THOUSAND CATTLE (HOLSTEIN-FRIESIAN) WILL ALSO BE IMPORTED FOR PROJECT. SEEDS MUST ALSO BE SELECTED FOR ANIMAL FOODS TO BE RAISED ON SITE. MR. CIRIC'S PRELIMINARY ASSESSMENT IS THAT U.S. SOURCES WILL BE HIGHLY PRICE CONSIDERATIVE IN REGARD CATTLE AND SEEDS, LESS SO FOR OTHER ITEMS.

8. DUJAILA PROJECT IN IRAQ, LIKE THE 100,000 HECTARE, 31 YEAR OLD PKB COMPLEX NEAR BELGRADE AFTER WHICH IT WILL BE MODELED, WILL ALSO PROVIDE AGRICULTURAL EXTENSION SERVICES TO IRAQI PRIVATE FARMERS NEAR DUJAILA (COMPLEX ITSELF WILL BELONG TO GOVT OF IRAQ) AND PKB WOULD WELCOME EXCHANGES WITH US STATE GOVTS OR OTHER BODIES WILLING COOPERATE AS CONSULTANTS OR OTHERWISE IN DEVELOPING EXTENSION ASPECTS OF DUJAILA COMPLEX.

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9. AMEMBASSY BELGRADE AND USINT BAGHDAD WILL FOLLOW DUJAILA PROJECT CLOSELY AND WILL REPORT MORE DETAILS AND EXPORT OPPORTUNITIES AS THEY BECOME KNOWN. DUJAILA COMPLEX WILL BE PKB'S FIRST VENTURE IN IRAQ AND YUGOSLAV FIRM WELCOMES APPROPRIATE U.S. CONTRIBUTIONS. IF SUCCESSFUL, DUJAILA PROJECT MAY BECOME IMPORTANT MODEL FOR FUTURE DEVELOPMENT OF AGRICULTURE IN IRAQ ALONG VERTICALLY INTEGRATED, GOVT OWNED, CAPITAL INTENSIVE LINES.

10. ACTION SUGGESTED: RECOMMEND U.S. FIRMS SEND INFO COPIES OF THEIR CORRESPONDENCE WITH PKB (SEE PARA 5 ABOVE) TO COMMERCIAL ATTACHES AT BOTH AMEMBASSY BELGRADE AND USINT BAGHDAD. SILBERMAN

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